

6/4/02

SCIENCE ADVISORY BOARD
Environmental Economics Advisory Committee
Holiday Inn Hotel and Suites
625 First Street, Alexandria, VA, 22314
(703) 548-6300
June 13, 2002

1. Opening Remarks

9:00 - 9:15 am Welcome and Introductory Remarks
 Dr. Robert Stavins, Chairman

2. Briefing on EPA's Efforts to Develop a Trading Policy for Water Quality

9:15 - 9:30 am a) Agency Briefing on Activities to develop a trading policy; Dr. Mahesh Podar, EPA Office of Water
9:30 - 10:00 am b) Committee discussion with EPA representatives.

3. Review of EPA's Small Drinking Water Systems Affordability Criterion

10:00 - 10:20 am a) Introduction to the Topic, Mr. Ephraim King, Director, Standards and Risk Management Division, EPA Office of Ground Water and Drinking Water
10:20 - 10:30 am b) Committee General Discussion

4. Public Comments

10:30 - 10:35 am a) Dr. Jasbinder Singh
10:35 - 10:40 am b) Mr. J. Alan Roberson, P.E., Director of Regulatory Affairs, American Water Works Association
10:40 - 10:45 am Committee Questions and Discussion

5. Committee Deliberations on the Affordability Criterion

a. Basic Approach to Determining Affordability for Small Systems
EEAC Members, EPA Staff

10:45 - 11:40 Committee Discussion

Basic Approach: What is the SAB's view of the Agency's basic approach of comparing average compliance costs for an NPDWR with an expenditure margin, which is derived as the difference between an affordability threshold and an expenditure baseline?
(Charge Question 1)

Risk: Should the affordability criterion depend on the size of the risk posed by contaminant levels, and if so, how should it depend on the size of the risk? (EEAC Question)

b. Affordability Components

EEAC Members, EPA Staff

11:40 - 1:15 pm Committee Discussion

NOTE: The Chair will call for a break during this session so that Committee Members, and others so desiring, can pick up their lunches at the hotel's luncheon buffet, pay for it with hotel staff, and return to the table to continue the discussions.

Median Household Income: If the basic approach is retained, should a measure other than median income that captures the impact on more disadvantaged households be used as the basis for the affordability threshold? If so, what alternative measures (e.g. 10th or 25th income percentile, poverty level income) should the Agency consider and why? What would be the likely effect of such alternatives on existing and future national level affordable technology determinations? (Charge Question 2)

Affordability Threshold: Discussion and Conclusions on Charge Question 3: What alternatives should the Agency consider to 2.5% as the income percentage for the national level affordability threshold and what would be the likely effect of such alternatives on existing and future national level affordable technology determinations? What basis should the Agency use to select from among such alternatives? Should the Agency use costs of other household goods and services or risk reduction activities as a basis for setting the affordability threshold as was done in the development of the current criteria? (Charge Question 3)

Expenditure Baseline: Does the Committee believe the Agency should consider other approaches to calculating the national "expenditure baseline" than those used by the Agency heretofore? (Charge Question 4)

c. Application, Focus and/or Definition of Affordability

EEAC Members, EPA Staff

1:15 - 2:15 pm Committee Discussion

Ground Water vs. Surface Water Criterion. Does the Committee believe that separate national level affordability criteria should be developed for ground water and surface water systems? (Charge Question 5)

Regional vs. National Criteria: Is there a need for making affordable technology determinations on a regional rather than a national basis? Does adequate readily available information exist to support such an approach? EPA is still exploring the degree of flexibility afforded by SDWA to make regional determinations, but would

appreciate the Committee's advice on whether such determinations are feasible and warranted. (Charge Question 7)

d. Financial Assistance

EEAC Members, EPA Staff

2:15 - 2:45 pm Committee Discussion

Financial Assistance: Should the Agency include an evaluation of the potential availability of financial assistance (e.g. Drinking Water State Revolving Fund) in its national level affordability criteria? If so, how could the potential availability of such financial assistance that reduces household burden be taken into consideration?

6. Plans for the Future

2:45 - 3:00 pm Discussion of Potential Follow-Up Tasks and New Topics for the EEAC
EEAC Members

3:00 pm **ADJOURN**